



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 28, 2004

S. 2483

Veterans' Compensation Cost-of-Living Adjustment Act of 2004

*As ordered reported by the Senate Committee on Veterans' Affairs
on July 20, 2004*

S. 2483 would increase the amounts paid to veterans for disability compensation and to their survivors for dependency and indemnity compensation (DIC) by the same cost-of-living adjustment (COLA) payable to Social Security recipients. The increase would take effect on December 1, 2004, and the results of the adjustment would be rounded to the next lower dollar.

The COLA that would be authorized by this bill is assumed in CBO's baseline, pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act, and savings from rounding it down were achieved by the Balanced Budget Act of 1997 (Public Law 105-33) and extended to 2013 by the Veterans Benefits Act of 2003 (Public Law 108-183).

Because the COLA is assumed in CBO's baseline, the COLA provision would have no budgetary effect relative to that baseline. Relative to current law, CBO estimates that enacting this provision would increase spending for these programs by \$466 million in 2005. (The annualized cost would be about \$620 million in subsequent years.) This estimate assumes that the COLA effective on December 1, 2004, would be 1.5 percent.

S. 2483 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

On May 25, 2004, CBO transmitted a cost estimate for H.R. 4175 (an identically titled bill), as ordered reported by the House Committee on Veterans' Affairs, on May 19, 2004. S. 2483 would authorize the same COLA as would H.R. 4175, thus the estimates of the effect of the COLA are identical. H.R. 4175 also would add osteoporosis to the list of disabilities that the Department of Veterans Affairs assumes are service-connected for former prisoners of war. That provision is not included in S. 2483.

The CBO staff contact is Dwayne M. Wright. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.